

November 16, 2004

Notice to Ethanol Producers

On January 1, 2005, several statutory changes having an impact on ethanol producers will become effective. These changes were enacted by the 2004 Legislature's passage of LB983.

License

Your current motor fuel supplier's license will be cancelled and you will automatically become licensed as an ethanol producer. The producer license will allow you to manufacture ethanol, purchase natural gasoline tax-free for use as a denaturant, purchase ethanol tax-free, and report your ethanol production, sales and inventory.

The producer license will not allow you to purchase and sell diesel fuels or motor vehicle fuels, other than natural gasoline and ethanol, tax-free. If you wish to conduct such transactions, contact your account representative.

New Form

Producers will file a Nebraska Ethanol and Biodiesel Producer's Return, Form 83. A sample of the new Form 83 and related schedules are enclosed with this notice. The Form 83 must be filed electronically and will replace the Nebraska Motor Fuels Tax Return, Form 73, that you currently file. As with the current Form 73, Schedule E, the producer's return will require the reporting of inventory, production, receipts and disbursements. Many of the lines on the form will be automatically generated based upon entries on the schedules of receipts and disbursements.

The following product code has been added to report natural gasoline purchased for use as a denaturant:

061 - Natural Gasoline Denaturant

The following schedule codes have been added to report the tax-free transfer of product; provided the other parties are properly licensed:

6R - Gross Gallons Transferred to Another Producer's Nebraska Storage

10F - Gross Gallons Transferred to a Supplier's Storage at a Nebraska Terminal

The new Form 83 must be filed beginning with tax period January 2004. This return will be due February 25, 2005.

Natural Gasoline

Natural gasoline purchased by an ethanol producer for use as a denaturant will be exempt from motor fuels tax. Currently you remit the motor vehicle fuels tax on your Form 73 and file for a refund on a Form 4136N, Nebraska Nonhighway Use Motor Vehicle Fuels Credit Computation, net of an adjustment of \$0.0225 per gallon. The natural gasoline will now be subject to a tax of \$0.025 per gallon. This money will be transferred to the Ethanol Production Incentive Cash Fund and the Agricultural Alcohol Fuel Tax Fund.

This law change only applies to natural gasoline purchased by ethanol producers for use as a denaturant. If any other types of motor fuels are purchased, you will be required to remit the fuel tax to your supplier and file for a refund.

Petroleum Release Remedial Action Fee (PRF)

Natural gasoline purchased by an ethanol producer for use as a denaturant will not be subject to the PRF. Previously the fee was paid by the first importer in Nebraska and then a claim was filed to obtain a refund of the fee on the portion of the denaturant that was exported.

Effective January 1, 2005, PRF will be due on ethanol and will be collected at the same point as motor fuels tax. Therefore, if ethanol is sold to someone who is not licensed to purchase motor fuels tax-free in Nebraska, both the motor fuels tax and the PRF must be collected and remitted. This will also be remitted on the Form 83 and a separate PRF return will not be necessary.

Combined Payment

One payment will be made for all taxes and fees due on the Form 83. This includes the \$0.025 on the natural gasoline, and motor fuels tax and PRF on any tax-paid ethanol sold.

Questions

Additional information can be found on our Web site.

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NEBRASKA ETHANOL AND BIODIESEL PRODUCER'S RETURN

FORM 83

Taxpayer Name	FEIN	NE ID Number	Tax Period
1. Gallons of Denaturant Purchased (Sch. Code 2 OR 3)		<input type="text"/>	
2. EPIC/AFTF (Line 1 X .025)		<input type="text"/> \$0	
All figures must be in gross gallons.		Column A Ethanol	Column B B-100 Biodiesel
3. Beginning Inventory (line 13 of previous Producer's Report) <i>Includes own storage and storage at terminal</i>		<input type="text"/>	<input type="text"/>
4. Gallons Produced		<input type="text"/>	0
5. Gallons Received (MFR Sch. Codes 2 or 3)		<input type="text"/>	0
6. Total Gallons to be Accounted For (total lines 3, 4 and 5)		<input type="text"/> 0	0
7. Tax-Paid Gallons (MFD Schedule Code 5)		<input type="text"/>	<input type="text"/>
8. Gallons Disbursed without tax (total of MFD Sch. Codes 6, 8 & 10)		<input type="text"/> 0	0
9. Gallons Transferred to Another Producer (MFD Sch. Code 6R)		<input type="text"/> 0	0
10. Exports to Other States (MFD Sch. Code 7)		<input type="text"/>	0
11. Gallons Transferred to a Supplier's Storage at a NE Terminal (MFD Sch. Code 10F)		<input type="text"/>	<input type="text"/>
12. Total Gallons Disbursed, Exported or Transferred without tax (total of lines 8 thru 11)		<input type="text"/> 0	0
13. Ending Physical Inventory		<input type="text"/>	<input type="text"/>
14. Ending Book Inventory (Line 6 minus Lines 7 and 12)		<input type="text"/> 0	0
15. Gain or Loss due to temperature variation (Line 13 minus Line 14)		<input type="text"/> 0	0
16. Tax Due (Line 7 X .246)		<input type="text"/> \$0	\$0
17. Commissions Allowed: Ethanol (.0500 on first \$5,000 PLUS .0250 on excess over \$5,000) Biodiesel (.0200 on first \$5,000 PLUS .0050 on excess over \$5,000)		<input type="text"/> \$0	\$0
18. NET TAX DUE (Line 16 minus Line 17)		<input type="text"/> \$0	\$0
19. PETROLEUM RELEASE REMEDIAL ACTION FEE Ethanol - Line 7 X .009; Biodiesel - Line 7 X .003		<input type="text"/> \$0	\$0
20. TAXES AND FEES DUE Ethanol (Line 18 + Line 19 + Line 2) Biodiesel (Line 18 + Line 19)		<input type="text"/> \$0	\$0
21. TOTAL TAXES AND FEES DUE (Line 20, total of Columns A and B)		<input type="text"/> \$0	

FORM 83 MFR

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FORM 83 MFD

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